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House of Representatives  
COMMONWEALTH OF PENNSYLVANIA  
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## MEMORANDUM

**To:** Members of the House of Representatives  
**From:** Representative Tony Payton, Jr.  
**Date:** March 12, 2012  
**Subject:** Proposed Legislation – Reforming Corporate Taxation

In the future, I intend to reintroduce legislation that would amend the Tax Reform Code of 1971 (Act 2 of 1971) to modernize our business taxation structure (formerly House Bill 2560 of the 2009-2010 legislative session).

Specifically, my bill would:

- Lower the corporate net income (CNI) tax to 7.9%
- Provide for a single sales factor to calculate the CNI tax to encourage employers – especially manufacturers – to locate or expand in Pennsylvania
- Uncap net operating loss deductions under combined reporting to encourage growth in biotechnology and start-up companies and cyclical manufacturing companies
- Reform the tax appeal process to provide for review by an independent panel before going to court; and
- Move from a separate company reporting state to a mandatory combined reporting state to substantially broaden the CNI tax base and closing the “Delaware loophole.”

If you are interested in co-sponsoring this legislation, please contact Tajuanna Franklin at [tfranklin@pahouse.net](mailto:tfranklin@pahouse.net) or 717-787-1354 (in-house 6365).

Returning co-sponsors:

Gibbons, Goodman, Hornaman, Josephs, Moul, Readshaw, Scavello, Sturla, Swanger, and Youngblood.